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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92047433
Party	Defendant Jay-Y Enterprise Co., Inc.
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Signature	/Kenneth L. Wilton/
Date	08/26/2009
Attachments	Notice of Motion and Motion to File First Amended Answer and Counterclaims.pdf (34 pages)(339625 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

GADO S.A.R.L.,

Petitioner,

v.

JAY-Y ENTERPRISE CO., INC.,

Respondent.

Cancellation No. 92047433

**RESPONDENT JAY-Y ENTERPRISE CO., INC.'S NOTICE OF MOTION AND
MOTION TO FILE FIRST AMENDED ANSWER AND COUNTERCLAIMS;**

**DECLARATIONS OF WARD CHEN AND KENNETH L. WILTON
IN SUPPORT THEREOF**

TO PETITIONER:

PLEASE TAKE NOTICE that pursuant to TBMP §§ 507.01 and 507.02, and F.R.C.P. § 15(a), Respondent Jay-Y Enterprise Co., Inc. ("Respondent") hereby moves the Trademark Trial and Appeal Board (the "Board") for an order granting Respondent leave to file a First Amended Answer and Counterclaims, in the form attached hereto as Exhibit A, to plead an additional affirmative defense as well as counterclaims attacking the validity of Petitioner's cited registrations based on Petitioner's fraud in the procurement and maintenance of those registrations, and likelihood of confusion as to one of them.

This motion will be based upon this Notice, the attached proposed First Amended Answer and Counterclaims, the accompanying Declarations of Ward Chen and Kenneth L.

Wilton and exhibits thereto, the attached brief in support of the motion, and such other arguments and evidence as may be presented to the Board on this motion.

Respectfully submitted,

SEYFARTH SHAW LLP

Dated: August 25, 2009

By: 

Kenneth L. Wilton
Attorneys for Respondent
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**RESPONDENT'S BRIEF IN SUPPORT OF ITS MOTION FOR LEAVE TO
FILE A FIRST AMENDED ANSWER AND COUNTERCLAIMS**

I. INTRODUCTION

Respondent moves the Board for an order granting it leave to file a First Amended Answer and Counterclaims to plead an affirmative defense of priority as well as counterclaims based on fraud and likelihood of confusion.

Although this proceeding has been pending for close to two years, it was suspended for the bulk of that time while the parties attempted to reach a resolution. It was only after those discussions failed to result in a settlement that Petitioner served its discovery responses, essentially admitting that it had committed fraud on the Trademark Office. In addition, as part of the recent discovery, Respondent provided a full and complete document production and discovered that it had erroneously claimed dates of first use of its marks several years after the marks had first been used. As a result of this discovery, Respondent now has a meritorious defense as well as a counterclaim to cancel the most recent of Petitioner's cited registrations.

Because it is the policy of the Board to liberally allow amendment to permit proceedings to be tried on their merits, Respondent's claims are meritorious, and Petitioner will suffer no prejudice by the requested amendment, Respondent respectfully requests that the amended answer and counterclaims be deemed filed.

II. STATEMENT OF FACTS

The history of this proceeding is critical to understanding why Respondent's request to amend is timely. This proceeding was commenced on April 26, 2007. After Respondent filed its Answer, nothing occurred until the eve of the discovery cutoff, which was set by the Board for November 13, 2007.

On October 12, 2007, Petitioner served by mail its first and only set of written discovery, namely a First Set of Interrogatories and a First Set of Requests for Production. [Wilton Decl., ¶ 2.] Because the discovery was served by mail, Respondent's responses were not due to be served until November 16, 2007, *after* the discovery cutoff. [Id.] Although the discovery was timely under Rule 2.120(a)(3), the timing illustrates the fact that Petitioner never intended to seek follow-up discovery.

On October 19, 2007, just seven days after serving its discovery requests, Petitioner's counsel wrote to Respondent's counsel proposing terms for a settlement of the proceeding. [Id. at ¶ 3.]¹ On November 9, 2007, Respondent responded to the settlement overture and also served written discovery on Petitioner, namely first sets of interrogatories, requests for production of documents, and requests for admission. [Id. at ¶ 4.] On the same date, Respondent requested an extension of time to respond to discovery, and further suggested that the parties agree to extend the discovery period by sixty (60) days. [Id.] By return e-mail, Petitioner granted the extension of time to respond to the discovery, but refused to move the discovery cutoff. [Id.] As a result, discovery in this proceeding **closed** on November 13, 2007. This action by Petitioner further illustrates that it had no intention of seeking further information from Respondent, whether in the form of additional written discovery or discovery depositions.

On November 29, 2007, Petitioner presented another settlement offer. [Wilton Decl., ¶ 5] In addition, Petitioner suggested that the proceedings be suspended while the parties negotiated a potential settlement. [Id.] On November 30, 2007, Respondent served its responses to

¹ So as not to reveal the content of the settlement discussions between the parties (*see* Fed. R. Evid. 408), Respondent is not attaching the referenced correspondence. The substance of the parties' discussions is not relevant; what is relevant is simply that they were unable to reach a settlement.

Petitioner's written discovery, but did not produce documents. [Wilton Decl., ¶ 6.]² Per the parties' stipulated motion, the Board suspended the proceedings on January 7, 2008. [Doc. Nos. 5-6.] The proceedings remained suspended until January 12, 2009 [Doc. No. 15] after which the parties extended the trial dates several times until the current schedule was approved on July 1, 2009. [Doc. No. 26.]

After the parties' settlement discussion faltered, they turned to responding to the outstanding discovery. [Wilton Decl., ¶ 7.] Specifically, because it had not done so prior to the suspension, Petitioner was required to respond to Respondent's initial sets of written discovery and produce documents and, conversely, Respondent was required to produce the documents requested by Petitioner. It is the content of those discovery responses that give rise to the present motion.

III. PETITIONER'S DISCOVERY RESPONSES PRESENTED, FOR THE FIRST TIME, THE BASIS FOR RESPONDENT'S PROPOSED COUNTERCLAIMS BASED ON FRAUD

In its first set of requests for admission, Respondent asked Petitioner to admit that it was not using its registered marks on all of the goods identified in each registration. [Wilton Decl., ¶ 8.]³ Petitioner served its responses, by mail, on June 24, 2009. [Id.] It was in those responses

² At the same time, Respondent made available for inspection in its counsel's office about thirty (30) boxes of responsive documents; Petitioner never reviewed those documents and they were returned by Respondent's counsel to Respondent a few months later. [Wilton Decl., ¶ 6.]

³ Petitioner pleaded three registrations, Nos. 1,742,622, 2,096,500, and 3,108,433. The first two registrations were registered under Section 44(e) of the Lanham Act, and include lengthy identifications of goods. Petitioner has since filed Section 8, 9 and 15 declarations of use with regard to them. The most recent registration was filed based on Petitioner's purported use of the registered mark under Section 1(a) of the Lanham Act. The fraud asserted in Respondent's proposed counterclaims arise from Petitioner's several declarations of use, both in its Section 8 and 9 declarations filed to maintain the first two registrations, and in its initial application for the third.

that Petitioner revealed, *for the first time*, that in fact it had *not* used the marks shown in its pleaded registrations on many of the goods identified in those registrations. [Id.]

Notwithstanding the fact that Petitioner has admitted never using its pleaded registrations on many of the identified goods, on numerous occasions Petitioner misrepresented to the Trademark Office that it was in fact using the mark on *all* of the goods.⁴

By letter dated August 3, 2009, Respondent provided Petitioner with a copy of its proposed First Amended Answer and Counterclaims in the form attached hereto as Exhibit A, and asked whether Petitioner would stipulate to the filing of the amended answer. [Wilton Decl., ¶ 9.] Petitioner would not so stipulate, thus necessitating the filing of this motion.

IV. RESPONDENT'S DOCUMENT PRODUCTION REVEALED THE
BASIS FOR RESPONDENT'S COUNTERCLAIM FOR
LIKELIHOOD OF CONFUSION

In its production of documents, Respondent produced evidence that it had sold sunglasses bearing the mark shown in Registration No. 2,582,314 at least as early as December 16, 1993, and sunglasses bearing the mark shown in Registration No. 2,663,337 at least as early as April 27, 1995. [Wilton Decl., ¶ 10.] Those dates predate both the filing date of the application that matured to Petitioner's Registration No. 3,108,433, as well as Petitioner's alleged date of first use of the mark that is the subject of that registration. As a result, if Petitioner is able to prove that the mark shown in Registration No. 3,108,433 – D&G – is confusingly similar to Respondent's DG Marks, then Respondent would be entitled to cancellation of Petitioner's registration on grounds of likelihood of confusion.

⁴ The proposed counterclaims for fraud as set forth in Exhibit A set forth in detail Petitioner's multiple misrepresentations to the Trademark Office. [See Proposed First Amended Answer and Counterclaims, Counterclaim ¶¶ 4 - 44.]

The evidentiary basis for this counterclaim was not discovered when Respondent filed its initial answer because of a combination of factors. In short, when Respondent filed its applications to register its DG Marks in 2000 and 2001, it made a mistake in claiming that the marks were first used in December, 1999. [Chen Decl., ¶ 7.] This mistake was perpetuated when Respondent filed its answer and prepared its response to Petitioner's first set of interrogatories. This occurred for a simple reason: Ward Chen, the current active manager of Respondent, did not assume a managerial role in the company until 2003. Accordingly, when responding to the initial cancellation petition and discovery, Mr. Chen relied on the representations made in the applications in determining the dates of first use of the marks. [Chen Decl., ¶¶ 3, 4.]

As discussed above, in light of the suspension of these proceedings in January, 2008, Respondent never produced documents responsive to Petitioner's requests for production. After spending well over a year in negotiations with Petitioner, when it became clear this proceeding was to be decided on its merits, Respondent turned a fresh eye to Petitioner's requests. It was at that time that Mr. Chen consulted with his mother – who had helped found Respondent in 1983 – and discovered that, in fact, Respondent had been selling sunglasses under a DG mark since the early 1990's. [Chen Decl., ¶ 5.]

Respondent then set about to locate samples of the first sunglasses sold under the DG mark, and was able to locate and produce samples, invoices and sales documents that support the dates of first use set forth in the proposed First Amended Answer and Counterclaims. [Chen Decl., ¶ 6.] Those documents were produced to Petitioner's counsel on July 29, 2009. [Wilton Decl., ¶ 11.]

V. **THE BOARD SHOULD GRANT RESPONDENT LEAVE TO
AMEND ITS ANSWER AND TO ASSERT ITS COUNTERCLAIMS
BASED ON FRAUD AND LIKELIHOOD OF CONFUSION**

Rule 15(a) of the *Federal Rules of Civil Procedure* provides that leave to amend a pleading “shall be freely given when justice so requires.” Consistent with this mandate, the Board “has recognized that ‘amendments to pleadings should be allowed with great liberality at any stage in the proceeding where necessary to bring about a furtherance of justice unless it is shown that entry of the amendment would violate settled law or be prejudicial to the rights of any opposing parties.’” *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1505 (TTAB 1993) (quoting *American Optical Corp. v. American Olean Tile Co.*, 168 USPQ 471, 473 (TTAB 1971)). Amendments have been permitted by the Board under Rule 15(a) even during trial. See TBMP § 507.02 and cases cited therein.

In considering a motion to amend, the “Board must consider whether there is any undue prejudice to [Applicant] and whether the amendment is legally sufficient.” *Commodore Electronics*, 26 USPQ2d at 1505; see also *Cool-Ray, Inc. v. Eye Care, Inc.*, 183 USPQ 618, 621 (TTAB 1974). Trademark Rule 2.114(b)(2)(i) governs counterclaims for cancellation of pleaded registrations in Board cancellation proceedings. In addition, Fed. R. Civ. P. 13(f) addresses counterclaims and allows a party to move for leave to assert a counterclaim if the counterclaim was originally omitted “through oversight, inadvertence, or excusable neglect, or when justice requires.” In deciding whether to grant leave to add an omitted counterclaim under Rule 13(f), the same standards governing Rule 15(a), as set forth above, apply. See e.g., *See’s Candy Shops Inc. v. Campbell Soup Co.*, 12 USPQ2d 1395, 1396 (TTAB 1989) (reading Rule 13(f) in

conjunction with Rule 15(a)); *Zanella Ltd. v. Nordstrom, Inc.*, 90 USPQ2d 1758, 1759 (2009) (allowing amendment to assert counterclaim).

A. The Proposed Amendments Are Legally Sufficient

Respondent is proposing to assert three counterclaims based on fraud and one based on likelihood of confusion. All of the proposed counterclaims are legally sufficient.

With regard to the fraud claims – the First, Second, and Third Counterclaims – each is based on the fact that Petitioner represented to the Trademark Office that it was using its registered marks on all of the goods identified in each registration, when in fact it was not. It is well-established that such misrepresentations can constitute fraud, thereby requiring cancellation, or partial cancellation, of a registration. *See Medinol Ltd. v. Neuro Vasx, Inc.*, 67 USPQ2d 1205, 1206 (TTAB 2003); *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917 (TTAB 2006). Moreover, these claims have been pleaded with the particularity required by Fed. R. Civ. P. 9, in that they recite the specific representations made by Petitioner, the factual basis for concluding they were false, and the factual support for the notion that Petitioner knew they were false at the time they were made. *Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1293 (TTAB 1999). As a result, the fraud claims are legally sufficient.

Similarly, Respondent's proposed claim for cancellation based on likelihood of confusion is also legally sufficient. Quite simply, Respondent has pleaded that, if Petitioner is successful in proving that the mark shown in Registration No. 3,108,433 – D&G – is confusingly similar to Respondent's marks, then Respondent is entitled to cancellation because it was Respondent, not Petitioner, that has priority of use. *See, e.g., Celanese Int'l Corp. v. Halliburton Entergy Svcs., Inc.*, Opp. No. 91166550 (2004) (recognizing counterclaim for cancellation based on likelihood of confusion pleaded in the alternative).

**B. Petitioner Will Not Be Prejudiced By The Assertion Of The
Proposed Counterclaims**

With regard to the fraud counterclaims, it is plain that the factual basis for the fraud is uniquely within Petitioner's knowledge. *Metromedia Steakhouses Inc. v. Pondco II Inc.*, 28 USPQ2d 1205, 1206-07 (TTAB 1993) (amendment of notice of opposition allowed even after close of discovery where "additional discovery as to the ground sought to be added to the plaintiff's claim should not be necessary" because the relevant facts "would surely be known to applicant"). As a result, no prejudice could arise if amendment is allowed.

With regard to the counterclaim based on likelihood of confusion, the procedural history of this proceeding illustrates that Petitioner never intended to take any discovery to follow up with its initial written discovery. The discovery period was long closed prior to the deadline for serving Respondent's responses. Moreover, because Petitioner is required to prove *actual* use of its "D&G" mark prior to Respondent's use of its "DG" marks, the amendment would not require Petitioner to take on a burden it did not already have. 15 U.S.C. § 1052(d).

Thus, allowing the proposed counterclaims to be asserted will not prejudice Petitioner, and amendment should be allowed.

**C. Respondent Would Be Prejudiced If Amendment Is Not
Allowed**

27 C.F.R. 2.114(b)(2)(i) provides that "[a] defense attacking the validity of any one or more of the registrations pleaded in the petition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed." As a result, it is likely that Respondent's proposed counterclaims would be considered to be compulsory, in which case denial of its request to assert those counterclaims may preclude Respondent from asserting them

in the future. “[W]hen the omitted counterclaim is compulsory, the reasons for allowing its introduction by amendment become even more persuasive, since an omitted compulsory counterclaim cannot be asserted in subsequent cases (at least in the federal courts) and the pleader will lose the opportunity to have the claim adjudicated.” *Iomega Corporation v. Information Technology International Corporation*, Opp. No. 91117476, 2001 TTAB LEXIS 549 (July 20, 2001) (*citing* Wright, Miller & Kane, 6 Federal Practice and Procedure: Civil 2d § 1430, at p. 227 (1990)).

Given the fact that Respondent’s counterclaims are meritorious, denying this motion would result in precisely the prejudice that Rule 13(f) is designed to avoid.

VI. CONCLUSION

For the foregoing reasons, Respondent respectfully requests that its proposed First Amended Answer and Counterclaims be deemed filed, that Petitioner be required to respond to the counterclaims by a date certain, and that the trial dates be rescheduled accordingly.

If the Board grants this motion and allows the proposed First Amended Answer and Counterclaims to be deemed filed, any fees associated with the Counterclaims may be deducted from Deposit Account No. 50-2291.

Respectfully submitted,

SEYFARTH SHAW LLP

Dated: August 25, 2009

By: 

Kenneth L. Wilton
Attorneys for Respondent
JAY-Y ENTERPRISE CO., INC.

2029 Century Park East, Suite 3500
Los Angeles, CA 90067-3021
Telephone: (310) 277-7200
Facsimile: (310) 201-5219

DECLARATION OF KENNETH L. WILTON

I, Kenneth L. Wilton, hereby declare:

1. I am a member of the bar of the State of California, and am a member of the firm of Seyfarth Shaw LLP, counsel of record for Respondent Jay-Y Enterprise Co., Inc.

("Respondent") in this cancellation proceeding. I make this declaration on the basis of my own personal knowledge and in support of Respondent's Notice of Motion and Motion to File First Amended Answer and Counterclaims.

2. On October 12, 2007, counsel for Petitioner Gado S.A.R.L. ("Petitioner") served by mail Petitioner's first and only set of written discovery, namely a First Set of Interrogatories and a First Set of Requests for Production. Because the discovery was served by mail, Respondent's responses were not due to be served until November 16, 2007, *after* the discovery cutoff in this proceeding as set by the Trademark Trial and Appeal Board in its commencement Order.

3. On October 19, 2007, Petitioner's counsel sent a letter to my office, via facsimile, proposing terms for a settlement of this proceeding.

4. On November 9, 2007, on behalf of our client we responded to Petitioner's settlement overture. We also served written discovery on Petitioner, namely first sets of interrogatories, requests for production of documents, and requests for admission. On the same date, we sent an e-mail to Petitioner's counsel requesting an extension of time to respond to discovery and suggesting that, in light of the settlement discussions, that the parties agree to extend the discovery period by sixty (60) days. By return e-mail, Petitioner's counsel granted the extension of time to respond to the discovery, but refused to move the discovery cutoff.

5. On November 29, 2007, Petitioner's counsel sent another settlement offer to my office via e-mail. In that e-mail, Petitioner's counsel also suggested that the proceedings be suspended while the parties were negotiating a potential settlement.

6. On November 30, 2007, Respondent served its responses to Petitioner's written discovery, but did not produce documents. At the same time, Respondent made available for inspection in my office about thirty (30) boxes of responsive documents; Petitioner never reviewed those documents and they were returned by my office to our client a few months later.

7. After the parties' settlement discussion faltered, both parties turned to responding to the outstanding discovery. Specifically, Petitioner was required to provide responses to the firsts sets of written discovery we had served on Petitioner in November, 2007, and Respondent was required to produce documents responsive to Petitioner's document requests.

8. In its first set of requests for admission, Respondent asked Petitioner to admit that it was not using its registered marks on all of the goods identified in each registration. Petitioner served its responses, by mail, on June 24, 2009. It was in those responses that Petitioner revealed, for the first time, that in fact it had *not* used the marks shown in its pleaded registrations on many of the goods identified in those registrations.

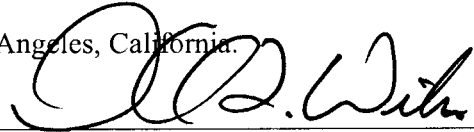
9. By letter dated August 3, 2009, I provided Petitioner's counsel with a copy of the proposed First Amended Answer and Counterclaims we intended to seek to file on behalf of Respondent. A true correct copy of the proposed First Amended Answer and Counterclaims is attached hereto as Exhibit A. In my letter, I asked Petitioner's counsel whether Petitioner would stipulate to the filing of the amended answer. Via e-mail several days later, Petitioner's counsel informed me that his client would not so stipulate, thus necessitating the filing of this motion.

10. In its production of documents, Respondent produced documents and product photographs that I believe demonstrate that Respondent had sold sunglasses bearing the mark shown in Registration No. 2,582,314 at least as early as December 16, 1993, and sunglasses bearing the mark shown in Registration No. 2,663,337 at least as early as April 27, 1995.

11. The samples, invoices and sales documents that support the dates of first use set forth in the proposed First Amended Answer and Counterclaims were sent by my office to Petitioner's counsel on July 29, 2009.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 25th day of August, 2009 at Los Angeles, California.

A handwritten signature in black ink, appearing to read "K. L. Wilton", is written over a horizontal line.

Kenneth L. Wilton

DECLARATION OF WARD CHEN

I, Ward Chen, hereby declare:

1. I am over the age of eighteen, and the Purchasing Director of Respondent Jay-Y Enterprise Co., Inc. ("Jay-Y"). I make this declaration on the basis of my own personal knowledge and in support of Jay-Y's Notice of Motion and Motion to File First Amended Answer and Counterclaims.

2. Jay-Y was formed in 1983. Since that time, my father, James Chen, has been the president of the company. He is no longer actively involved in the day-to-day operations of the company, and has not been since 1998.

3. I started working for Jay-Y in the 1990s, but I did not have any type of managerial role until approximately 2003. As a result, I was not involved with the filing of the two applications to register our DG Marks that are at issue in this proceeding.

4. I was the individual primarily responsible for providing information relating to Jay-Y's original answer to the petition for cancellation as well as Jay-Y's initial responses to Gado's interrogatories and requests for production. When I provided the information for the answer and the interrogatories I relied on what was said in our trademark applications in determining the dates of first use of the DG marks.

5. After we spent over a year in negotiations with Gado, we finally reached a point where we could not settle the proceeding. As a result, in or about January, 2009, I started to gather the documents that were requested by Gado, in particular documents relating to Jay-Y's first use of its DG Marks. At that time, I consulted with my mother, who informed me that, in fact, Jay-Y had been selling sunglasses under a DG mark since the early 1990's.

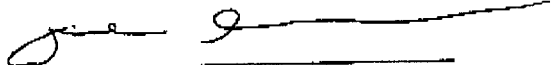
6. I then set about trying to locate samples of the first sunglasses sold by Jay-Y under the DG mark. I was able to locate some of those sunglasses, at which point I searched –

using the model numbers for the sunglasses that bore the DG Marks – for documents showing when the sunglasses were first imported into the United States and sold to Jay-Y's customers. The dates that appear in the proposed First Amended Answer and Counterclaims reflect the samples, invoices and sales documents that I was able to locate.

7. Based on my review of the documents from Jay-Y's files and the sunglasses that were sold by Jay-Y starting in 1993, it has become clear to me that when my father signed the applications to register Jay-Y's DG Marks in 2000 and 2001, he made a mistake in claiming that the marks were first used in December, 1999.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 25th day of August, 2009, at Pomona, California.



Ward Chen

EXHIBIT A

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GADO S.A.R.L.,

Petitioner,

v.

JAY-Y ENTERPRISE CO., INC.,

Respondent.

JAY-Y ENTERPRISE CO., INC.,

Counterclaimant.

v.

GADO S.A.R.L.,

Counterclaim-Defendant

Cancellation No. 92047433

[PROPOSED] FIRST AMENDED ANSWER TO CONSOLIDATED PETITION FOR
CANCELLATION AND COUNTERCLAIMS FOR CANCELLATION

Respondent Jay-Y Enterprise Co., Inc. (“Respondent”) hereby answers the Consolidated Petition for Cancellation (“Petition”) filed by Petitioner Gado S.A.R.L. (“Petitioner”), and responds to the averments contained therein as follows:

1. Answering the introductory paragraph of the Petition, Respondent is without information sufficient to form a belief as to the state of mind of Petitioner and, on that basis, denies the averments contained therein relating to Petitioner’s belief. Respondent denies the remaining averments contained in the introductory paragraph.

2. Respondent is without information sufficient to form a belief as to the truth of the averments contained in Paragraph 1 of the Petition and, on that basis, denies each of them.

3. Respondent admits the averments in Paragraph 2 of the Petition.

4. Answering Paragraph 3 of the Petition, Respondent admits that Registration No. 2,582,314 was issued to Respondent on June 18, 2002, and refers to the Registration for its contents. Respondent further avers that it first used the mark that is the subject of Registration No. 2,582,314 at least as early as December 16, 1993.

5. Answering Paragraph 3 of the Petition, Respondent admits that Registration No. 2,663,337 was issued to Respondent on December 17, 2002, and refers to the Registration for its contents. Respondent further avers that it first used the mark that is the subject of Registration No. 2,663,337 at least as early as April 27, 1995.

6. Respondent is without information sufficient to form a belief as to the truth of the averments contained in Paragraph 5 of the Petition and, on that basis, denies each of them.

ANSWERING COUNT I OF THE PETITION

7. Respondent is without information sufficient to form a belief as to the truth of the averments contained in Paragraph 6 of the Petition and, on that basis, denies each of them.

8. Respondent is without information sufficient to form a belief as to the truth of the averments contained in Paragraph 7 of the Petition and, on that basis, denies each of them.

9. Answering Paragraph 8 of the Petition, Respondent admits that Registrations Nos. 1,742,622, 2,096,500, and 3,108,433 were issued by the United States Patent and Trademark Office, and that the registrations speak for themselves. With regard to the remaining averments contained in Paragraph 8 of the Petition, Respondent has no information sufficient to form a belief as to the truth of those averments and, on that basis, denies each of them.

10. Respondent is without information sufficient to form a belief as to the truth of the averments contained in Paragraph 9 of the Petition and, on that basis, denies each of them.

11. Respondent denies the averments contained in Paragraph 10 of the Petition.

12. Respondent is without information sufficient to form a belief as to the truth of the averments contained in Paragraph 11 of the Petition and, on that basis, denies each of them.

13. Respondent denies the averments contained in Paragraph 12 of the Petition.

14. Respondent denies the averments contained in Paragraph 13 of the Petition.

ANSWERING COUNT II OF THE PETITION

15. Respondent incorporates by reference its foregoing responses to Paragraphs 1 through 11 of the Petition as if fully set forth herein.

16. Respondent denies the averments contained in Paragraph 15 of the Petition.

17. Respondent denies the averments contained in Paragraph 16 of the Petition.

18. Respondent denies the averments contained in Paragraph 17 of the Petition.

AFFIRMATIVE DEFENSES

LACHES

1. The Consolidated Petition for Cancellation is barred by the equitable doctrine of laches in light of Petitioner's failure to oppose registration of Respondent's marks and almost five year delay in filing the Consolidated Petition for Cancellation despite having constructive or actual knowledge of Respondent's use and registration of its marks.

ESTOPPEL

2. The Consolidated Petition for Cancellation is barred by the equitable doctrine of estoppel in light of Petitioner's failure to oppose registration of Respondent's marks and almost

five year delay in filing the Consolidated Petition for Cancellation despite having constructive or actual knowledge of Respondent's use and registration of its marks.

PRIORITY

3. Respondent first used the marks that are the subject of Registration Nos. 2,582,314 and 2,663,337 prior to the actual or constructive dates of first use of the marks asserted by Petitioner in its Consolidated Petition for Cancellation.

WHEREFORE, Respondent Jay-Y Enterprise Co., Inc. prays for judgment dismissing the Consolidated Petition for Cancellation with prejudice and allowing Respondent's continued registration of the marks shown in Registration Nos. 2,582,314 and 2,663,337.

COUNTERCLAIMS FOR CANCELLATION

1. Counterclaimant Jay-Y Enterprise Co., Inc. ("Counterclaimant") is a corporation organized and existing under the laws of the State of California. Counterclaimant owns United States Registration Nos. 2,582,314 and 2,663,337 for the mark DG in two different stylized formats. Counterclaimant is the respondent in Cancellation No. 92047433 (the "Cancellation").

2. Counterclaim-Defendant Gado S.A.R.L. ("Counterclaim-Defendant") avers in the Cancellation that it is a corporation organized and existing under the laws of Luxembourg. Counterclaim-Defendant is the petitioner in the Cancellation.

3. In the Cancellation, Counterclaim-Defendant has averred that it is now the owner of United States Trademark Registration Nos. 1,742,622 for the mark "DOLCE & GABBANA," 2,096,500 for the mark "D & G DOLCE & GABBANA", and 3,108,433 for the mark "D & G".

FIRST COUNTERCLAIM FOR CANCELLATION **(Registration No. 1,742,622 Based On Fraud)**

4. Counterclaimant repeats and reavers the averments in preceding paragraphs 1 through 3 as if fully set forth herein.

5. Registration No. 1,742,622 was issued on December 29, 1992 to Domenico Dolce and Stefano Gabbana for, *inter alia*, the following goods:

- a. Class 3: “soaps for personal use; perfumery; essential oils for personal use; hair lotions; dentifrices; cosmetics; namely, face and body moisturizers, tonics, creams and lotions, sun tan and sun block lotions and creams, lipsticks, eye shadows, coloring pencils, mascara, blush, face powder, foundations; cleaning and polishing preparations for domestic use”

6. Upon information and belief, Mr. Dolce and Mr. Gabbana were the founders of and own Counterclaim-Defendant, and therefore have knowledge of all of the goods on or in connection with which they and Counterclaim-Defendant use and have used the mark shown in Registration No. 1,742,622.

7. Upon information and belief, Counterclaim-Defendant is the successor-in-interest to the original owners of Registration No. 1,742,622.

8. Upon information and belief, neither Counterclaim-Defendant nor its predecessors-in-interest have ever used the mark shown in Registration No. 1,742,622 on or in connection with essential oils for personal use; hair lotions; dentifrices; tonics; and cleaning and polishing preparations for domestic use.

9. On March 12, 1998, Domenico Dolce and Stefano Gabbana caused to be filed with the United States Patent and Trademark Office a Combined Declaration of Use and Incontestability Of A Mark Under Sections 8 and 15 for Registration No. 1,742,622 (“Combined Declaration”). The Combined Declaration stated, in part, the following:

“the mark shown [in Registration No. 1,742,622] has been in continuous use by registrant in foreign commerce between Italy and the United States for five consecutive years from the date of registration to the present, on or in connection

with the goods set forth in the original registration with the exception of: **None.**" [Emphasis added].

10. The Combined Declaration acknowledged the penalties for false statements set forth in Section 1000 of Title 18 of the United States Code, "that such willful false statements may jeopardize the validity of this document," and was signed by both Mr. Dolce and Mr. Gabbana.

11. On information and belief, at the time they signed and caused to be filed the Combined Declaration, Mr. Dolce and Mr. Gabbana knew that the mark shown in Registration No. 1,742,622 had never been used on all of the goods in Class 3 identified in the registration.

12. On information and belief, the Combined Declaration was filed with the specific intent that it be relied on by the United States Patent and Trademark Office to maintain Registration No. 1,742,622 for all of the goods identified therein.

13. The United States Patent and Trademark Office relied on the representations made in the Combined Declaration and maintained Registration No. 1,742,622 for all of the goods identified therein.

14. On June 14, 2002, Counterclaim-Defendant filed with the United States Patent and Trademark Office a Combined Application for Renewal and Declaration of Continued Use Under Sections 8 and 9 for Registration No. 1,742,622 ("Renewal Application"). The Renewal Application stated, in part, the following:

"The mark shown in said registration is currently in use in commerce in or with the United States on or in connection with each of the following goods or, if applicable, services and the registered mark should be renewed for:

[XX] Those goods and, if applicable, services specifically identified in the certificate of registration, namely,

soaps for personal use; perfumery; **essential oils for personal use; hair lotions; dentifrices;** cosmetics; namely, face and body moisturizers, **tonics,** creams and lotions, sun tan and sun block lotions and creams, lipsticks, eye

shadows, coloring pencils, **mascara**, blush, face powder, foundations; **cleaning and polishing preparations for domestic use** in Class 3.” [Emphasis added].

15. The Renewal Application was supported by a declaration, signed under penalty of perjury and acknowledging 18 U.S.C. § 1001, by Domenico Dolce and Stefano Gabbana.

16. On information and belief, at the time they signed and caused to be filed the Renewal Application, Mr. Dolce and Mr. Gabbana knew that the mark shown in Registration No. 1,742,622 had never been used on all of the goods in Class 3 identified in the registration.

17. On information and belief, the Renewal Application was filed with the specific intent that it be relied on by the United States Patent and Trademark Office to maintain Registration No. 1,742,622 for all of the goods identified therein.

18. The United States Patent and Trademark Office relied on the representations made in the Renewal Application and maintained Registration No. 1,742,622 for all of the goods identified therein.

19. By taking the actions set forth above, Counterclaim-Defendant has committed fraud on the United States Patent and Trademark Office.

SECOND COUNTERCLAIM FOR CANCELLATION
(Registration No. 2,096,500 Based On Fraud)

20. Counterclaimant repeats and reavers the averments in preceding paragraphs 1 through 3 as if fully set forth herein.

21. Registration No. 2,096,500 was issued on September 16, 1997, to Domenico Dolce and Stefano Gabbana for, *inter alia*, the following goods:

- a. Class 3: “perfumes; solid perfumes; personal deodorants; soaps; liquid soaps; toilet soaps; bath foams; toothpastes; shampoos; essential oils; hair lotions; eye gels, bath gels, styling gels; hair dyes; face creams; eye-liners;

eyeshadows; makeup pencils; face earth; lipsticks fond de teint; body cream; nail polishes; nail hardeners; nail polish remover; tanning oils and creams.”

- b. Class 9: “spectacles; optical filters, discs, mirrors and scanners; radios; radio/cassette tapeplayer/recorders; radio transmitters; radio-telephones; record players; phonograph records and prerecorded audio and video tapes featuring music; tape players; video recorders; optical record readers; cameras; telecameras; television cameras; radio and TV relay stations; radio and television aerials; optical lens sights; submarine ear plugs not for medical purposes; photographic enlargers; cash registers; calculators; fire extinguishers; electric iron; vacuum cleaners; computer program in the fashion field for designing garments; computers; computer printers; computer hardware microprocessors; modems; telefax machines.”
- c. Class 18: “tote bags, book bags and shoulder bags; handbags; suitcases; briefcases; purses; document cases; hand purses; traveling trunks; leather and imitation of hides and leather sold in bulk; parasols; umbrellas; walking sticks; harnesses, and other saddlery articles.”

22. Upon information and belief, Mr. Dolce and Mr. Gabbana were the founders of and own Counterclaim-Defendant, and therefore have knowledge of all of the goods on or in connection with they and Counterclaim-Defendant use and have used the mark shown in Registration No. 2,096,500.

23. Upon information and belief, Counterclaim-Defendant is the successor-in-interest to the original owners of Registration No. 2,096,500.

24. Upon information and belief, neither Counterclaim-Defendant nor its predecessors-in-interest have ever used the mark shown in Registration No. 2,096,500 on or in connection with the following goods:

- a. Class 3: toothpastes; essential oils; hair lotions; eye gels; styling gels; hair dyes; face creams, eye-liners, eyeshadows, makeup pencils, face earth, nail polishes, nail hardeners, nail polish removers.
- b. Class 9: optical filters; discs; mirrors and scanners; radios; radio/cassette tapeplayer/recorders; radio transmitters; record players; phonographs records and prerecorded audio and video tapes featuring music; tape players; video recorders; optical record readers; cameras; telecameras; television cameras; radio and TV relay stations; radio and television aerials; optical lens sights; submarine ear plugs not for medical purposes; photographic enlargers; cash registers; calculators; fire extinguishers; electric iron; vacuum cleaners; computer program in the fashion field for designing garments; computers; computer printers; computer hardware microprocessors; modems; telefax machines.
- c. Class 18: harnesses, and other saddlery articles.

25. On November 26, 2002, Domenico Dolce and Stefano Gabbana caused to be filed with the United States Patent and Trademark Office a Combined Declaration Under Sections 8 and 15 for Registration No. 2,096,500 ("Combined Declaration"). The Combined Declaration stated, in part, the following:

"the registered mark shown [in Registration No. 2,096,500] has been in continuous use in commerce between Italy and the United States for five consecutive years from the date of the registration to the present, on or in connection with the following goods recited in the registration:

Perfumes, solid perfumes; personal deodorants; soaps; liquid soaps; toilet soaps; bath foams; **toothpastes**; shampoos; **essential oils**; **hair lotions**; **eye gels**, bath gels, **styling gels**; **hair dyes**; **face creams**; **eye-liners**; **eyeshadows**; **makeup pencils**; **face earth**; lipsticks fond de teint; body cream; **nail polishes**; **nail hardeners**; **nail polish remover**; and tanning oils and creams, in Class 3.

Spectacles; **optical filters**, **discs**, **mirrors and scanners**; **radios**; **radio/cassette tapeplayer/recorders**; **radio transmitters**; radio-telephones; **record players**; **phonograph records and prerecorded audio and video tapes featuring music**; **tape players**; **video recorders**; **optical record readers**; **cameras**; **telecameras**; **television cameras**; **radio and tv relay stations**; **radio and television aerials**; **optical lens sights**; **submarine ear plugs not for medical purposes**; **photographic enlargers**; **cash registers**; **calculators**; **fire extinguishers**; **electric iron**; **vacuum cleaners**; **computer program in the fashion field for designing garments**; **computers**; **computer printers**; **computer hardware microprocessors**; **modems**; and **telefax machines**, in Class 9.

Tote bags, book bags and shoulder bags; handbags; suitcases; briefcases; purses; document cases; hand purses; traveling trunks; leather and imitation of hides and leather sold in bulk; parasols; umbrellas; walking sticks; **harnesses, and other saddlery articles**, in Class 18.” [Emphasis added.]

26. The Combined Declaration acknowledged the penalties for false statements set forth in Section 1000 of Title 18 of the United States Code, “that such willful false statements may jeopardize the validity of this document,” and was signed by both Mr. Dolce and Mr. Gabbana.

27. On information and belief, at the time they signed and caused to be filed the Combined Declaration, Mr. Dolce and Mr. Gabbana knew that the mark shown in Registration No. 2,096,500 had never been used on all of the goods in Class 3, Class 9 and Class 18 identified in the registration.

28. On information and belief, the Combined Declaration was filed with the specific intent that it be relied on by the United States Patent and Trademark Office to maintain Registration No. 2,096,500 for all of the goods identified therein.

29. The United States Patent and Trademark Office relied on the representations made in the Combined Declaration and maintained Registration No. 2,096,500 for all of the goods identified therein.

30. On June 26, 2007, Counterclaim-Defendant filed with the United States Patent and Trademark Office a Combined Application for Renewal and Declaration of Continued Use Under Sections 8 and 9 for Registration No. 2,096,500 ("Renewal Application"). The Renewal Application stated, in part, the following:

"For International Class 003, the owner, or its related company, is using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class . . .

For International Class 009, the owner, or its related company, is using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class . . .

For International Class 018, the owner, or its related company, is using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class."

31. The Renewal Application was supported by a declaration, signed under penalty of perjury and acknowledging 18 U.S.C. Section 1001, by Cristiana Ruella, a Director of Counterclaim-Defendant..

32. On information and belief, at the time she signed and caused to be filed the Renewal Application, Ms. Ruella knew that the mark shown in Registration No. 2,096,500 had never been used on all of the goods in Class 3, Class 9 and Class 18 as identified in the registration.

33. On information and belief, the Renewal Application was filed with the specific intent that it be relied on by the United States Patent and Trademark Office to maintain Registration No. 2,096,500 for all of the goods identified therein.

34. The United States Patent and Trademark Office relied on the representations made in the Renewal Application and maintained Registration No. 2,096,500 for all of the goods identified therein.

35. By taking the actions set forth above, Counterclaim-Defendant has committed fraud on the United States Patent and Trademark Office.

THIRD COUNTERCLAIM FOR CANCELLATION
(Registration No. 3,108,433 Based On Fraud)

36. Counterclaimant repeats and reavers the averments in preceding paragraphs 1 through 3 as if fully set forth herein.

37. Registration No. 3,108,433 was issued on June 27, 2006, to Counterclaim-Defendant for, *inter alia*, the following goods:

- a. Class 3: “Perfumes, solid perfumes, personal deodorants, soaps for personal use; liquid soaps, toilet soaps, bath foams, toothpastes, shampoos, essential oils for personal use, hair lotions, hair gels, bath gels, styling gels, hair dyes, face creams, eye-liners, eye shadows, make up pencils, face earth, lipsticks, fond de teint, body creams, nail polishes, nail hardeners, nail polish removers, tanning oils and creams.”
- b. Class 14: “Watches, clocks, wristwatches, table clocks, pocket watches, alarm clocks, digital clocks, waterproof clocks, watch cases, watch chains, watch crystals and lenses, watch bands, chronographs for use as a watch, jewelry articles and costume jewelry articles.”
- c. Class 18: “Tote bags, book bags and shoulder bags, handbags, suitcases, briefcases, purses, document cases, hand purses, key cases, traveling trunks,

leather and imitation of hides and leather sold in bulk, parasols, umbrellas, walking sticks, harnesses and other saddlery articles.”

38. Upon information and belief, neither Counterclaim-Defendant nor its predecessors-in-interest have ever used the mark shown in Registration No. 3,108,433 on or in connection with the following goods:

- a. Class 3: toothpastes; essential oils for personal use; hair lotions; hair gels; styling gels; hair dyes; eye-liners; eye shadows; make up pencils; face earth; nail polishes; nail hardeners; nail polish removers.
- b. Class 14: table clocks; alarm clocks; watch crystals and lenses.
- c. Class 18: harnesses and other saddlery articles.

39. Application Serial No. 76/599,454, which matured into Registration No. 3,108,433, was filed with the United States Patent and Trademark Office on June 28, 2004 (“Application”), and stated, in part, the following:

“The trademark was first used in connection with the goods/products in Class 3 by [Counterclaim-Defendant’s] predecessor in 1999; was first used in connection with the goods/products in commerce between Italy and the United States on the goods in Class 3 by [Counterclaim-Defendant’s] predecessor in 1999; and is now in use in such commerce.

The trademark was first used in connection with the goods/products in Class 14 by [Counterclaim-Defendant’s] predecessor in 2001; was first used in connection with the goods/products in commerce between Italy and the United States on the goods in Class 14 by [Counterclaim-Defendant’s] predecessor in 2001; and is now in use in such commerce

The trademark was first used in connection with the goods/products in Class 18 by [Counterclaim-Defendant’s] predecessor in 1997; was first used in connection with the goods/products in commerce between Italy and the United States on the goods in Class 18 by [Counterclaim-Defendant’s] predecessor in 1997; and is now in use in such commerce.”

40. The Application, which was signed by United States counsel for Counterclaim-Defendant, acknowledged Section 1001 of Title 18 of the United States Code, and stated “that all

statements made herein of his own knowledge are true, and all statements made on information and belief are believed to be true.”

41. On information and belief, at the time he signed and caused to be filed the Application, counsel for Counterclaim-Defendant knew that the mark shown in Registration No. 3,108,433 had never been used on all of the goods in Class 3, Class 14 and Class 18 as identified in the Application.

42. On information and belief, the Application was filed with the specific intent that it be relied on by the United States Patent and Trademark Office to cause it to mature to registration for all of the goods identified therein.

43. The United States Patent and Trademark Office relied on the representations made in the Application and issued Registration No. 3,108,433 for all of the goods identified therein.

44. By taking the actions set forth above, Counterclaim-Defendant has committed fraud on the United States Patent and Trademark Office.

FOURTH COUNTERCLAIM FOR CANCELLATION
(Registration No. 3,108,433 Based On Likelihood Of Confusion)

45. Counterclaimant repeats and reavers the averments in preceding paragraphs 1 through 3 and 37 through 44 as if fully set forth herein.

46. U.S. Trademark Registration No. 3,108,433 issued on June 27, 2006 for various goods in Classes 3, 9, 14, 18 and 25, including spectacles, sunglasses, spectacle frames, spectacle lenses, and spectacle cases.

47. In prosecuting the application that matured into Registration No. 3,108,433, Counterclaim-Defendant averred, through its United States counsel, that it first used the mark

shown in Registration No. 3,108,433 on or in connection with “spectacles, sunglasses, spectacle frames, spectacle lenses, spectacle cases, contact lenses” in 1998.

48. In or about 1993, prior to Counterclaim-Defendant’s asserted date of first actual use of the mark shown in Registration No. 3,108,433, Counterclaimant adopted and first used the mark DG on and in connection with sunglasses.

49. In the Petition for Cancellation, Counterclaim-Defendant has averred that the mark shown in Registration No. 3,108,433 and Counterclaimant’s DG marks, as shown in Registration Nos. 2,582,314 and 2,663,337, are confusingly similar, and that the simultaneous use of those marks will result in consumer confusion, mistake or deception, in violation of Section 2(d) of the Lanham Act.

50. Because Counterclaimant used its DG marks in commerce prior to Counterclaim-Defendant’s actual or constructive first date of use of the mark shown in Registration No. 3,108,433, if Counterclaim-Defendant is successful in proving that the mark shown in Registration No. 3,108,433 and Counterclaimant’s DG marks are confusingly similar, then Counterclaimant is entitled to cancellation of Registration No. 3,108,433 under Section 2(d) of the Lanham Act.

WHEREFORE, Counterclaimant Jay-Y Enterprise Co., Inc. prays for judgment granting its counterclaim for cancellation and canceling, in whole or in part, Registration Nos. 1,742,622, 2,096,500, and 3,108,433.

The U.S. Patent and Trademark Office is authorized to charge Deposit Account No. 50-2291 for any fees that may be required to be paid in connection with the counterclaim for cancellation of Registration Nos. 1,742,622, 2,096,500, and 3,108,433.

Respectfully submitted,

SEYFARTH SHAW, LLP

Dated: August __, 2009

By: /Kenneth L. Wilton/
Kenneth L. Wilton
Attorneys for Respondent and Counterclaimant
JAY-Y ENTERPRISE CO., INC.


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CERTIFICATE OF SERVICE

I hereby certify that on August 26, 2009, I served the foregoing RESPONDENT JAY-Y ENTERPRISE CO., INC'S NOTICE OF MOTION AND MOTION TO FILE FIRST AMENDED ANSWER AND COUNTERCLAIMS; DECLARATIONS OF WARD CHEN AND KENNETH L. WILTON IN SUPPORT THEREOF on the Petitioner by depositing a true copy thereof in a sealed envelope, postage prepaid, in First Class U.S. mail addressed to Petitioner's counsel of record as follows:

John Clarke Holman
Robert S. Pierce.
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Eleanor Elko